



*STEPHANIE RAWLINGS-BLAKE*  
Mayor

May 6, 2016

The Honorable President &  
Members of the Baltimore City Council  
City Hall  
100 North Holliday Street  
Suite 400  
Baltimore, MD 21201

**Re: City Council Bill #12-0113, Charter Amendment – Ordinance of Estimates**

Dear Mr. President and Members of the Council:

After careful consideration, please accept this letter as notification of my veto of City Council Bill #12-0113, Charter Amendment – Ordinance of Estimates. This Charter Amendment would give the City Council new authority to increase items of appropriation or add new items, so long as the increases are offset and the total amounts of the operating and capital budgets do not exceed the amounts proposed by the Board of Estimates.

Article VI of the Baltimore City Charter clearly defines the roles of the Mayor, Board of Estimates, and City Council in the development and enactment of the Ordinance of Estimates. The process is designed to be open and orderly and to ensure sound fiscal stewardship.

The charter requires the Mayor to submit a detailed plan of revenues and expenditures to the Board of Estimates, which is the City's fiscal policy body. It mandates that the Board hold public hearings on the plan and deliver a proposed Ordinance of Estimates and supporting materials to the City Council in a timely manner.

The City Council is required to hold its own hearings on the Ordinance of Estimates and has the ultimate power to approve or reject the legislation. To prevent excessive spending, the Charter gives the City Council the authority to reduce proposed appropriation levels and property tax rates and precludes it from increasing amounts fixed by the Board of Estimates or inserting amounts for any new purpose. In many budget cycles, the City Council has used its authority to negotiate with the Mayor for post-adoption adjustments to the budget.

Baltimore's budget process has served the city well. It gives weight to the budget plans developed by the departments of Finance and Planning, checks potential excesses of the Mayor and City Council, guards against unilateral changes to the Ordinance of Estimates proposed by the Board of Estimates, and focuses fiscal accountability on the executive. Baltimore's fiscal governance structure is one reason that, despite

decades of population loss and economic struggle, the city has not gone into default, receivership or bankruptcy like New York, Philadelphia, Pittsburgh, Washington, D.C., Cleveland, and Detroit.

Reducing executive authority in the budget process would almost certainly raise red flags for our bond rating agencies. Baltimore's AA bond rating is remarkable, given the city's economic and demographic profile. The reason for the strong rating is unambiguous: Moody's and Standard and Poor's consistently laud the City's proactive fiscal planning and management. It should be noted that the agencies do consider the constitutionally and legislatively conferred powers and responsibilities of the local government entity when coming up with their rating. It is important for the City to continue to demonstrate an ability to control and predict its revenues as well as an ability to control and predict its expenditures. If such ability is diluted or becomes unpredictable, it will be reflected negatively in the City's rating evaluation. It is fair to say that Baltimore's bond rating is tenuous, and moves to diffuse fiscal authority and accountability would weaken the City's case for sustaining its recent bond rating upgrade.

While this bill would retain controls on overall spending levels, we are concerned that the proposed charter amendment – in combination with City Council Bill 15-0479 – undoes a carefully designed process in ways that would create chaos and compromise the city's fiscal management. The proposed Ordinance of Estimates is developed over many months and must balance the funding of day-to-day city services with longer-term liabilities and capital needs. Within the overall funding level is millions of dollars for building adequate reserves, properly funding retiree health benefits and workers' compensation, supporting capital projects from current revenue, and other purposes that represent the nuts and bolts work of keeping the City's finances on track, and in turn the ability to provide basic front line services. Changes to appropriation levels that put parochial or special interests ahead of fiscal responsibility would be disastrous for the City.

This Charter Amendment, combined with City Council Bill #15-0479, Charter Amendment – Board of Estimates -- Composition (which I am also vetoing), are a continuation of efforts by some to weaken our strong mayor form of government. It is true that as an outgoing Mayor, these Bills would have no impact on my term in office. However, I believe in the power of this office and that these proposed changes create the wrong governance structure, not just for my successors but also for the citizens of the City of Baltimore.

Therefore, for all of the reasons mentioned above, I am vetoing this Bill.

Sincerely,

Stephanie Rawlings-Blake  
*Mayor*  
*City of Baltimore*

cc: Kalliope Parthemos, Chief of Staff, Office of the Mayor  
Andrew Smullian, Deputy Mayor for Government Relations and Labor  
Angela Gibson, Mayor's Legislative Liaison  
Carolyn Blakeney, Chief of Staff, Office of the Council President  
Kara Kunst, Legislative Director, Office of the Council President  
Natawana Austin, Executive Secretary, Baltimore City Council